Alberta

GAS ROYALTY OPERATIONS INFORMATION BULLETIN

Petroleum Plaza – North Tower
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www.alberta.ca

April 2016

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PLEASE ENSURE YOUR PRODUCTION ACCOUNTANTS RECEIVE A COPY OF THIS DOCUMENT

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ANNOUNCEMENTS

There are no announcements for April 2016.

MONTHLY INFORMATION

Pricing for Gas and Gas Products

For pricing on gas, gas products, and transportation information for February 2016, please refer to the Information Letter.

The monthly default sulphur price for **February 2016** is **$38.73.** Below are the annual sulphur default prices:

2011	2012	2013	2014
$116.36	$98.02	$53.60	$86.16

2015 Annual Sulphur Default Prices Calculation not processed in this Billing Period.

February 2016 Royalty Due May 31, 2016

Royalty clients are to remit the total amount payable shown on the May 2016 Statement of Account by May 31, 2016. If the amount payable includes accrued current period interest, the interest has only been accrued to the statement issue date. Clients must also include the additional interest that has accrued from the statement issue date to the date of payment, using the per diem amount provided. Current period interest will not be charged on current invoice charges for the production month of February if it is paid in full by May 31, 2016.

The May 2016 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your February 2016 invoice amount and any applicable current period interest charges. It also identifies refunds resulting from overpayments.

Note: If the due date falls on a non-business day, the next business day will apply as the due date *except for the month of March due to the Government of Alberta's fiscal year end.* In this situation, the due date will apply previous to the non-business day as the due date.

Cheques are made payable to the Government of Alberta and must contain the G94 account number as reflected on the Statement of Account.

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March 2016 VA4 due May 15, 2016

The VA4 forms for the production month of March 2016 are due in the department offices by May 15, 2016.

Note: If the due date falls on a non-business day, the next business day will apply as the due date for VA4 forms.

Petrinex Deadline Submissions

The Petrinex deadline for SAF, OAF, and Volumetric submissions are posted on the Petrinex website "Reporting Calendars" under Calendars. ***Changes to this calendar will be posted on the Petrinex website home page in "Broadcast Messages."***

Interest Rate April 2016

Alberta Energy's interest rate for April 2016 is **3.70%**

January Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the January 2016 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments (Net)	Net Provisional Assessment
$890,378.55	($830,322.66)	$60,055.89

January Penalty Charges

The penalty table below shows at the form level, the total penalty charges and reversals, for the January 2016 billing period.

Forms	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2016/01
AC2	$19,600	($114,500)	($94,900)
AC5	$0	$0	$0
NGL1	$0	$0	$0
VA3	$0	$0	$0
VA4	$0	$0	$0
Total	**$19,600**	($114,500)	($94,900)

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Production Allocation Discrepancy (PAD) Potential Royalty Impact

As of the January 2016 billing period, the potential royalty dollar impact is estimated as $2.3 million, distributed as follows by production year:

2015	2016
2.0 million	$0.3 million

NOTE: These values are not intended to show that Crown royalty has been understated but do illustrate the consequences of incorrect reporting.

Well Event Measured Depth Determination Letter

The department has issued a "Well Event Measured Depth Determination Letter" under the Report Package DOE – Gas to facility operators via Petrinex on April 1 and April 15, 2016. This letter shows the confirmed Measured Depth (MD) of each active well event that will be used to calculate the Depth Factor (DF) of the quantity component rate under the Alberta Royalty Framework formula. A well event that is not listed on the letter and does not have a confirmed MD will receive a DF of 1. When the changes to the MD are confirmed by the department, a letter is issued to a facility operator who reports changes through Petrinex to well event attributes affecting MD. All changes to the MD are applied on a go forward basis only. Facility operators are advised to submit well event attribute changes by the last day of the calendar month in order for timely determination of MD.

NGDDP Confidential Wells

Wells designated as "confidential" will be reviewed prior to the removal of the "confidential" status, if the directional surveys and completion reports are provided to the department. Send directional surveys and completion reports to GasRoyaltyPrograms@gov.ab.ca

If you have any questions, please contact Lily Hiew in Gas Royalty Features at 780.427.1550.

INFRASTRUCTURE DATA

Business Associate ID Listing

The BA Identifiers Report is a directory of Business Associate (BA) names, codes, status (e.g. struck, active, amalgamated, etc.), status effective dates, and effective August 2004, and includes Working Interest Owner (WIO) role start/end dates.

This report is also published daily on the Petrinex website.

The Department reminds Business Associates to review their WIO role to ensure that the start and end dates are reflected correctly. If the BA does not have an active WIO role, the operators cannot allocate volumes to the BA for the relevant production periods through the SAF/OAF allocations.

- If a BA has a WIO role, then that BA can receive SAF/OAF allocations from the WIO role start date forward.
- If a BA has a WIO role with an end date, then they can only receive SAF/OAF allocations from the WIO role start date until the end date. Any SAF/OAF allocations after the end date will be rejected.
- If a BA does not have a WIO role start date, then that BA cannot receive SAF/OAF allocations.

Please contact Client Registry/Crown Land Data at 780.422.1395 or CrownLandDataSupport@gov.ab.ca if you have any questions regarding the information supplied in this article.

Client Status Changes

Clients must ensure that all royalty documents are completed using only valid client names and IDs. It is critical that royalty clients use current legal client names and their appropriate IDs on all documents to ensure accurate royalty calculation and to prevent provisional assessment and penalties. Rejects will occur when invalid IDs are used.

If you require information regarding client status changes, names, or IDs, please contact Client Registry/Crown Land Data at 780.422.1395 or CrownLandDataSupport@gov.ab.ca.

Nova Tolls - Multiple Gas Reference Prices

Royalty information related to the implementation of the Factor Model negotiated with industry for determining Multiple Gas Valuation Prices is provided on the Natural Gas website's Royalty Related Information page under Facility Royalty Trigger Factors and Meter Station Ties.

REMINDERS

Generic Rapidtrans Deposits

The email address of G94Deposit@enr.gov.ab.ca from Alberta Natural Gas Royalty Guidelines (2009) Appendix K Section 1.1 Generic Rapidtrans Deposit Locations is changed to G94Deposit@gov.ab.ca. This email is used by gas royalty payers to inform the department of a payment made to the generic account 09-35603. In the email, provide all the information that appears on the rapidtrans deposit slip such as client ID, account number, total payment amount and the amounts to be applied to each account.

New and Revised Meter Station Factors

The department has published in Information Letter 2016-09, new and revised Meter Station Factors. Meter Station Factors for new meter stations are identified in **Schedule B** and are effective for the production periods January to December 2015. Meter Station Factors identified in **Schedule A** are effective the January 2016 production period and subsequent production periods until otherwise changed.

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If you have any questions, please contact Terry Rayne, Director, Pricing and Analysis at (403) 297-5467 or e-mail at terry.rayne@gov.ab.ca.

Monthly Sulphur Corporate Average Price Calculation – VA4 Form

The department requires royalty clients with an annual sulphur production of 30,000 tonnes or greater in the 2015 production year to file VA4 forms monthly, beginning with the January 2016 production month. The VA4 form is due on or before the 15th day of the second month following the respective production month. A royalty client whose annual sulphur production is less than 30,000 tonnes may choose to file the VA4 forms monthly beginning with January's production month; however, if this choice is made, the client must file VA4 forms for the entire year. The department will use the VA4 forms to determine each client's monthly Sulphur Corporate Average Price (S-CAP) and the monthly sulphur default price. We calculate each month's sulphur default price as the weighted average unit value of all arm's length sales for all clients who filed VA4 forms for that month. The department will value and invoice the Crown royalty share of sulphur production monthly using the respective S-CAP price for clients who file VA4 forms, and the sulphur default price for clients who chose not to file VA4 forms. The VA4 form is subject to $100 in late filing penalties for each month or part of the month the form is past due. The VA4 form for the production month of January 2016 was due in the department by March 15, 2016.

Royalty clients who file monthly VA4 forms must file annual VA3 forms. The VA3 form remains the primary sulphur valuation tool and the S-CAP determined from each VA3 will replace the entire year's monthly prices determined from the VA4 forms. The VA3 is due on or before April 15th of the year following the year of production. Interest is charged/paid on the Crown royalty difference when adjusting from monthly to annual valuation. The VA3 form is subject to a one-time $1,000 late filing penalty.

The following royalty clients must submit VA4 forms effective with the 2016 production year, which includes any pricing information for each of its consolidated/amalgamated entities:

Client ID	Client Name	Client ID	Client Name
0JL8	Apache Canada Ltd.	0017	Imperial Oil Resources
0HE9	Canadian Natural Resources Limited	A5R5	Pengrowth Energy Corporation
A68P	CQ Energy Canada Resources Partnership	A2F0	Shell Canada Energy
0026	Encana Corporation	A6GD	Sinopec Daylight Energy Ltd.
0Z0H	Harvest Operations Corp.	A2TG	TAQA North Ltd.
0R46	Husky Oil Operations Limited		

For questions and further information, please contact the Pricing & Analysis Team at GasValuation.Energy@gov.ab.ca, (403) 297-5467 or (403) 297-5427.

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BUSINESS CONTACTS

Quick Reference

Group	Email
Petrinex Service Desk	Petrinexsupport@Petrinex.ca
Client Registry / Crown Land Data	CrownLandDataSupport@gov.ab.ca
Volumetric & Cost Reporting	VCR@gov.ab.ca
Management Information	ManagementInformation.Energy@gov.ab.ca
Gas Royalty Accounting	GasRoyaltyAccounts.Energy@gov.ab.ca
Gas Royalty Rapid Transit Payments	G94Deposit@gov.ab.ca
Gas Royalty Features	GasRoyaltyPrograms@gov.ab.ca

Petrinex Service Desk

The focal point for communications regarding preparations for, access to, or utilization of Petrinex is the Petrinex Service Desk, or Petrinex Support.

Phone: 403.297.6111 or 1.800.992.1144
Fax: 403.297.3665
Email: Petrinexsupport@Petrinex.ca
Website: www.Petrinex.ca

Volumetric & Cost Reporting

Volumetric & Cost Reporting (V&CR) is the Front Line of contact for inquiries relating to volumetric and cost reporting as well as gas royalty calculation processes. V&CR is made up of four teams as shown below:

Team	Team Lead
Volumetrics	Oana Jurgea
Costs	Sheruna Naidoo
Process Support	Penny Calen
Adherence	Nicole Le Blanc

Gas Royalty Voicemail: 780.422.8727
Fax: 780.427.3334
Alberta Toll Free: 780.310.0000
Gas Royalty Email: VCR@gov.ab.ca

Hours of operation are 8:15 a.m. to 4:30 p.m. Voice messages left after 4:30 p.m. will be answered the next business day.

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Management Information

All inquiries or requests that relate to royalty information (e.g. Information Letter, Information Bulletin and other Department of Energy's Natural Gas website publications) and questions related to Commercial Storage and Farm Gas should be forwarded to the Management Information Team at ManagementInformation.Energy@gov.ab.ca.

Gas Royalty Accounting

All inquiries or requests that relate to royalty accounting (e.g. Transfers, Refunds, Interest, Statement of Account, Collections and Royalty Deposits) should be forwarded to the Royalty Accounting Team at GasRoyaltyAccounts.Energy@gov.ab.ca.

Gas Royalty Features

All inquiries or requests that relate to royalty programs (e.g. Natural Gas Deep Drilling Program, New Well Royalty Rates and Otherwise Flared Solution Gas Royalty Waiver Program) should be forward to the Royalty Features team at GasRoyaltyPrograms@gov.ab.ca.

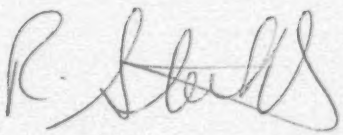
Reference Prices and Valuation Allowances Calculation Information

For information related to Natural Gas and Natural Gas Liquids reference prices, and Sulphur valuation submissions (VA3 and VA4), contact the Pricing & Analysis Team located at the Alberta Energy office in Calgary:

Pricing & Analysis
300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone: 403.297.5514
Fax: 403.297.5400
Email: GasValuation.Energy@gov.ab.ca

Alberta Energy Internet Webpage

Prices, Royalty Rates and Transportation Information are available on the Alberta Energy Internet webpage: www.energy.alberta.ca. From "Our Business", navigate to "Natural Gas", "About Natural Gas", "Prices", and "Alberta Natural Gas Reference Price (ARP)". In addition, both the Gas Royalty Information Bulletins and Information Letters are also available under "Our Business", navigate to "Natural Gas", "Legislation, Guidelines & Policies".



Richard Stokl
Director, Gas Royalty Operations
Royalty Operation

ATTACHMENT 1

ATTACHMENT TO INFORMATION LETTER 2016-12

2016 GAS AND ISC PRICES

Month	Gas Reference Price ($/GJ)	Methane ISC Reference Price ($/GJ)	Methane ISC Par Price ($/GJ)	Ethane ISC Reference Price ($/GJ)	Ethane ISC Par Price ($/GJ)	Propane ISC Reference Price ($/GJ)	Butanes ISC Reference Price ($/GJ)	Pentanes Plus ISC Reference Price ($/GJ)
JAN	2.11	2.11	2.11	2.11	2.11	2.11	2.11	2.11
FEB	1.82	1.82	1.82	1.82	1.82	1.82	1.82	1.82
MAR								
APR								
MAY								
JUN								
JUL								
AUG								
SEP								
OCT								
NOV								
DEC								

DETAIL OF THE FEBRUARY 2016 GAS AND ISC REFERENCE PRICES						
	Gas	Methane	C2-IC	C3-IC	C4-IC	C5-IC
NOVA Inventory Transfer (NIT) Purchase Price - Alberta Market Price (AMP) from NGX	2.037	2.037	2.037	2.037	2.037	2.037
Deductions: Intra-Alberta Transportation (IATD)	0.189	0.189	0.189	0.189	0.189	0.189
Price Before Pipeline Factor	1.849	1.849	1.849	1.849	1.849	1.849
Pipeline Fuel/Loss Factor	0.984	0.984	0.984	0.984	0.984	0.984
Price Before Amendments	1.820	1.820	1.820	1.820	1.820	1.820
Amendments:						
Prior Period RP Amendments	0.000	0.000	0.000	0.000	0.000	0.000
Special amendments	0.000	0.000	0.000	0.000	0.000	0.000
Calculated RP	1.820	1.820	1.820	1.820	1.820	1.820
Reference Price	**1.820**	**1.820**	**1.820**	**1.820**	**1.820**	**1.820**
Adjusted Intra-Alberta Transportation Deduction	0.186	0.186	0.186	0.186	0.186	0.186

ATTACHMENT 1A

ATTACHMENT TO INFORMATION LETTER 2016-12

2016

NATURAL GAS LIQUIDS REFERENCE PRICES

Month	Ethane Reference Price($/GJ)	Ethane Par Price($/GJ)	Propane Spec Reference Price($/m³)	Butanes Spec Reference Price($/m³)	Pentanes Plus Spec Reference Price($/m³)	Pentanes Plus Par Price($/m³)	Propane Mix Reference Price($/m³)	Butanes Mix Reference Price($/m³)	Pentanes Plus Mix Reference Price($/m³)
January	2.11	2.11	8.73	163.18	285.12	285.12	0.00	112.85	274.74
February	1.82	1.82	25.26	158.06	254.97	254.97	0.00	102.98	244.73
March									
April									
May									
June									
July									
August									
September									
October									
November									
December									

Note:

1) Effective July 2014, reference prices for Propane, Butanes and Pentanes Plus, as Spec and Mix, are calculated at field locations. See Information Letter 2013-35.

ATTACHMENT 2

ATTACHMENT TO INFORMATION LETTER 2016-12

NATURAL GAS LIQUIDS REFERENCE PRICES
RESTATEMENTS

Restated Natural Gas Liquids Reference Prices

PRESCRIBED AMOUNTS (NATURAL GAS ROYALTY) ORDER, 2009

The following prices are prescribed for the following production month(s):

No Restatement this month